

RECIPROCAL TRADE

*Agreement and exchanges of notes signed at Montevideo July 21, 1942*¹

Ratified by Uruguay October 22, 1942

Proclaimed by the President of the United States November 10, 1942

Proclamation and ratification exchanged at Washington December 2, 1942

Supplementary proclamation by the President of the United States December 3, 1942

Entered into force January 1, 1943

*Terminated December 28, 1953, by agreement of November 30, 1953*²

56 Stat. 1624; Executive Agreement Series 276

TRADE AGREEMENT BETWEEN THE UNITED STATES OF AMERICA AND THE ORIENTAL REPUBLIC OF URUGUAY

The President of the United States of America and the President of the Oriental Republic of Uruguay, being desirous of strengthening the traditional bonds of friendship existing between the two countries by maintaining the principle of equality of treatment in its unconditional and unlimited form as the basis of commercial relations and by granting mutual and reciprocal concessions and advantages for the promotion of trade, have resolved to conclude a Trade Agreement so providing and have appointed for this purpose as their Plenipotentiaries:

The President of the United States of America:

William Dawson, Ambassador Extraordinary and Plenipotentiary of the United States of America to the Oriental Republic of Uruguay; and

The President of the Oriental Republic of Uruguay:

His Excellency Doctor Don Alberto Guani, Minister of Foreign Affairs;

Who, after having exchanged their full powers, found to be in good and due form, have agreed upon the following provisions:

ARTICLE I

1. The United States of America and the Oriental Republic of Uruguay will grant each other unconditional and unrestricted most-favored-nation

¹ For schedules annexed to agreement, see 56 Stat. 1641 or p. 19 of EAS 276.

² 5 UST 435; TIAS 2937.

treatment in all matters concerning customs duties and subsidiary charges of every kind and in the method of levying duties, and, further, in all matters concerning the rules, formalities and charges imposed in connection with the clearing of goods through the customs, and with respect to all laws or regulations affecting the sale or use of imported goods within the country.

2. Accordingly, articles the growth, produce or manufacture of either country imported into the other shall in no case be subject, in regard to the matters referred to above, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles the growth, produce or manufacture of any third country are or may hereafter be subject.

3. Similarly, articles exported from the territory of the United States of America or the Oriental Republic of Uruguay and consigned to the territory of the other country shall in no case be subject with respect to exportation and in regard to the above-mentioned matters, to any duties, taxes or charges other or higher, or to any rules or formalities other or more burdensome, than those to which the like articles when consigned to the territory of any third country are or may hereafter be subject.

4. Any advantage, favor, privilege or immunity which has been or may hereafter be granted by the United States of America or the Oriental Republic of Uruguay in regard to the above-mentioned matters, to any article originating in any third country or consigned to the territory of any third country shall be accorded immediately and without compensation to the like article originating in or consigned to the territory of the Oriental Republic of Uruguay or the United States of America, respectively.

ARTICLE II

1. Articles the growth, produce or manufacture of the United States of America or the Oriental Republic of Uruguay, shall, after importation into the other country, be exempt from all internal taxes, fees, charges or exactions other or higher than those payable on like articles of national origin or of any other foreign origin.

2. The provisions of this Article relating to national treatment shall not apply to taxes imposed by the Oriental Republic of Uruguay on pharmaceutical specialties, toilet and perfumery products, cigarettes, cigars, fortified wines, vermouth, champagne, matches and playing cards.

ARTICLE III

1. No prohibition or restriction of any kind shall be imposed by the Government of either country on the importation of any article the growth, produce or manufacture of the other country or upon the exportation of any article destined for the other country, unless the importation of the like article the growth, produce or manufacture of all third countries, or the

exportation of the like article to all third countries, respectively, is similarly prohibited or restricted.

2. No restriction of any kind shall be imposed by the Government of either country on the importation from the other country of any article in which that country has an interest, whether by means of import licenses or permits or otherwise, unless the total quantity or value of such article permitted to be imported during a specified period, or any change in such quantity or value, shall have been established and made public. If the Government of either country allots a share of such total quantity or value to any third country, it shall allot to the other country a share equivalent to the proportion of the total imports of such article supplied by that country during a previous representative period, and shall make such share available so as to facilitate its full utilization, unless it is mutually agreed to dispense with such allotment. No limitation or restriction of any kind other than such an allotment shall be imposed, by means of import licenses or permits or otherwise, on the share of such total quantity or value which may be imported from the other country.

3. The provisions of the preceding paragraph shall apply in respect of the quantity or value of any article permitted to be imported at a specified rate of duty.

ARTICLE IV

1. If the Government of either country establishes or maintains any form of control of the means of international payment, it shall accord unconditional most-favored-nation treatment to the commerce of the other country with respect to all aspects of such control.

2. The Government establishing or maintaining such control shall impose no prohibition, restriction or delay on the transfer of payment for any article the growth, produce or manufacture of the other country which is not imposed on the transfer of payment for the like article the growth, produce or manufacture of any third country. With respect to rates of exchange and with respect to taxes or charges on exchange transactions, articles the growth, produce or manufacture of the other country shall be accorded unconditionally treatment no less favorable than that accorded to the like articles the growth, produce or manufacture of any third country. The foregoing provisions shall also extend to the application of such control to payments necessary for or incidental to the importation of articles the growth, produce or manufacture of the other country. In general, the control shall be administered so as not to influence to the disadvantage of the other country the competitive relationships between articles the growth, produce or manufacture of the territories of that country and like articles the growth, produce or manufacture of third countries.

ARTICLE V

1. In the event that the Government of the United States of America or the Government of the Oriental Republic of Uruguay establishes or maintains a monopoly for the importation, production or sale of a particular article or grants exclusive privileges, formally or in effect, to one or more agencies to import, produce or sell a particular article, the commerce of the other country shall receive fair and equitable treatment in respect of the foreign purchases of such monopoly or agency. To this end such monopoly or agency will, in making its foreign purchases of any article, be influenced solely by considerations, such as those of price, quality, marketability and terms of sale, which would ordinarily be taken into account by a private commercial enterprise interested solely in purchasing on the most favorable terms.

2. The Government of each country, in the awarding of contracts for public works and generally in the purchase of supplies, shall accord fair and equitable treatment to the commerce of the other country as compared with the treatment accorded to the commerce of other foreign countries.

ARTICLE VI

1. Laws, regulations of administrative authorities and decisions of administrative or judicial authorities of the United States of America or the Oriental Republic of Uruguay, respectively, pertaining to the classification of articles for customs purposes or to rates of duty shall be published promptly in such a manner as to enable traders to become acquainted with them.

2. No administrative ruling by the United States of America or the Oriental Republic of Uruguay effecting advances in rates of duties or in charges applicable under an established and uniform practice to imports originating in the territory of the other country, or imposing any new requirement with respect to such importations, shall be effective retroactively or with respect to articles either entered for consumption or withdrawn for consumption prior to the expiration of thirty days after the date of publication of notice of such ruling in the usual official manner. The provisions of this paragraph do not apply to administrative orders imposing antidumping duties, or relating to regulations for the protection of human, animal or plant life or health, or relating to public safety, or giving effect to judicial decisions.

ARTICLE VII

1. Articles the growth, produce or manufacture of the United States of America, enumerated and described in Schedule I^a annexed to this Agreement and made an integral part thereof, on their importation into the Oriental Republic of Uruguay, if now exempt from ordinary customs duties,

^a See footnote 1, p. 996.

shall continue to be so exempt or, if now dutiable, shall be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedule, subject to the conditions therein set out.

2. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under laws of the Oriental Republic of Uruguay in force on the day of the signature of this Agreement.

ARTICLE VIII

1. Articles the growth, produce or manufacture of the Oriental Republic of Uruguay, enumerated and described in Schedule II annexed to this Agreement and made an integral part thereof, on their importation into the United States of America, if now exempt from ordinary customs duties, shall continue to be so exempt or, if now dutiable, shall be exempt from ordinary customs duties in excess of those set forth and provided for in the said Schedule, subject to the conditions therein set out.

2. The said articles shall also be exempt from all other duties, taxes, fees, charges or exactions, imposed on or in connection with importation, in excess of those imposed on the day of the signature of this Agreement or required to be imposed thereafter under the laws of the United States of America in force on that day.

ARTICLE IX

The provisions of Articles VII and VIII of this Agreement shall not prevent the Government of either country from imposing at any time on the importation of any article a charge equivalent to an internal tax imposed in respect of a like domestic article or in respect of a commodity from which the imported article has been manufactured or produced in whole or in part.

ARTICLE X

In respect of articles the growth, produce or manufacture of the United States of America or the Oriental Republic of Uruguay enumerated and described in Schedules I and II, respectively, imported into the other country, on which ad valorem rates of duty, or duties based upon or regulated in any manner by value, are or may be assessed, the general principles applicable in the respective countries for determining dutiable value and converting currencies shall not be altered so as to impair the value of any of the concessions provided for in this Agreement.

ARTICLE XI

1. No prohibition, restriction or any form of quantitative regulation,

whether or not operated in connection with any agency of centralized control, shall be imposed by the Oriental Republic of Uruguay on the importation or sale of any article the growth, produce or manufacture of the United States of America enumerated and described in Schedule I, or by the United States of America on the importation or sale of any article the growth, produce or manufacture of the Oriental Republic of Uruguay enumerated and described in Schedule II.

2. The foregoing provision shall not apply to quantitative regulations in whatever form imposed by the United States of America or the Oriental Republic of Uruguay on the importation or sale of any article the growth, produce or manufacture of the other country, in conjunction with governmental measures or measures under governmental authority operating to regulate or control the production, market supply or prices of like domestic articles, or tending to increase the labor costs of production of such articles, or to maintain the exchange value of the currency of the country.

ARTICLE XII

1. If the Government of either country should consider that any circumstance, or any measure adopted by the other Government, even though it does not conflict with the terms of this Agreement, has the effect of nullifying or impairing any object of the Agreement or of prejudicing an industry or the commerce of that country, such other Government shall give sympathetic consideration to such representations or proposals as may be made with a view to effecting a mutually satisfactory adjustment of the matter. If no agreement is reached with respect to such representations or proposals, the Government making them shall be free to suspend or terminate this Agreement in whole or in part on thirty days' written notice.

2. The Governments of the two countries agree to consult together to the fullest possible extent in regard to all matters affecting the operation of the present Agreement. In order to facilitate such consultations, a Commission consisting of representatives of each Government shall be established to study the operation of the Agreement, to make recommendations regarding the fulfillment of the provisions of the Agreement, and to consider such other matters as may be submitted to it by the two Governments.

ARTICLE XIII

The provisions of this Agreement relating to the treatment to be accorded by the United States of America and the Oriental Republic of Uruguay, respectively, to the commerce of the other country shall apply, on the part of the United States of America, to the continental territory of the United States of America and such of its territories and possessions as are included in its customs territory. The provisions of this Agreement relating to most-

favoured-nation treatment shall apply, furthermore, to all articles the growth, produce or manufacture of any territory under the sovereignty or authority of the United States of America or the Oriental Republic of Uruguay, imported from or exported to any territory under the sovereignty or authority of the other country. The provisions of this Article shall not apply to the Panama Canal Zone.

ARTICLE XIV

1. The advantages now accorded or which may hereafter be accorded by the United States of America or the Oriental Republic of Uruguay to adjacent countries in order to facilitate frontier traffic, and advantages accorded in virtue of a customs union to which either country may become a party, shall be excepted from the operation of this Agreement.

2. The advantages now accorded or which may hereafter be accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another or to the Republic of Cuba shall be excepted from the operation of this Agreement. The provisions of this paragraph shall continue to apply in respect of any advantages now or hereafter accorded by the United States of America, its territories or possessions or the Panama Canal Zone to one another, irrespective of any change in the political status of any of the territories or possessions of the United States of America.

ARTICLE XV

1. Nothing in this Agreement shall be construed to prevent the adoption or enforcement of measures.

- (a) imposed on moral or humanitarian grounds;
- (b) designed to protect human, animal or plant life or health;
- (c) relating to prison-made goods;
- (d) relating to the enforcement of police or revenue laws;
- (e) relating to the importation or exportation of gold or silver;
- (f) relating to the control of the export or sale for export of arms, ammunition, or implements of war, and, in exceptional circumstances, all other military supplies;
- (g) relating to neutrality;
- (h) relating to public security, or imposed for the protection of the country's essential interests in time of war or other national emergency.

2. It is understood that the provisions of this Agreement relating to laws and regulations affecting the sale, taxation or use of imported articles within the United States of America and the Oriental Republic of Uruguay are subject to the constitutional limitations on the authority of the Governments of the respective countries.

ARTICLE XVI

1. The Government of each country will accord sympathetic consideration to, and when requested will afford adequate opportunity for consultation regarding, such representations as the other Government may make with respect to the operation of customs regulations, quantitative regulations or the administration thereof, the observance of customs formalities, and the application of sanitary laws and regulations for the protection of human, animal or plant life or health.

2. In the event that the Government of either country makes representations to the other Government in respect of the application of any sanitary law or regulation for the protection of human, animal or plant life or health, and if there is disagreement with respect thereto, a committee of technical experts on which each Government shall be represented shall, on the request of either Government, be established to consider the matter and to submit recommendations to the two Governments.

ARTICLE XVII

This Agreement shall be proclaimed by the President of the United States of America and shall be ratified by the Government of the Oriental Republic of Uruguay. It shall enter definitively into force thirty days after the exchange of the instrument of ratification and the proclamation, which shall take place in Washington as soon as possible.

ARTICLE XVIII

Subject to the provisions of paragraph 1 of Article XII, this Agreement shall continue in force for a term of three years and, unless at least six months before the expiration of the aforesaid term of three years the Government of either country shall have given notice in writing to the other Government of intention to terminate the Agreement on that date, it shall remain in force thereafter until the expiration of six months from that date on which such notice shall have been given.

In witness whereof the respective Plenipotentiaries have signed this Agreement and have affixed hereto their seals.

Done in duplicate, in the English and Spanish languages, both authentic, at the City of Montevideo this twenty-first day of July, 1942.

WILLIAM DAWSON	[SEAL]
ALBERTO GUANI	[SEAL]

[For schedules annexed to agreement, see 56 Stat. 1641 or p. 19 of EAS 276.]

EXCHANGES OF NOTES

The Minister of Foreign Affairs to the American Ambassador

[TRANSLATION]

MINISTRY OF FOREIGN RELATIONS

MONTEVIDEO, July 21, 1942

Mr. AMBASSADOR:

I have the honor to refer to the discussions during the course of the negotiation of the trade agreement between Uruguay and the United States of America, signed this day, in regard to its provisions relating to non-discriminatory treatment by each country of the trade of the other.

These provisions establish a policy which the Government of Uruguay recognizes, as its representatives have always stated, as necessary and desirable. Non-discriminatory treatment between the various countries regarding reciprocal importation is essential to the development of multilateral trade among nations. The Government of Uruguay, as has been stated, adheres to this conception and appreciates the vast significance of the decision of the Government of the United States of America to strive for its full and general reestablishment.

In the course of negotiating the trade agreement, the representatives of our two Governments have emphasized the importance of multilateral trade and therefore of the provisions setting forth the principle of unconditional most-favored-nation treatment. However, the representatives of the Uruguayan Government have stated that strict compliance with these provisions is conditioned by circumstantial factors beyond the control of Uruguay.

The regulations imposed with respect to international trade and payments by European belligerent countries, including the United Kingdom of Great Britain and Northern Ireland, which is one of the most important markets for Uruguayan exports, present great difficulties in this regard. In particular, the measures whereby the sterling balances resulting from Uruguay's commercial and financial transactions with Great Britain cannot be converted into free currencies prevent, for so long as they remain in force, the Uruguayan Government from extending full non-discriminatory treatment to the commerce of the United States of America.

For this reason, the representatives of the Uruguayan Government have stated in the course of the negotiations that the full application by Uruguay of the provisions of the agreement with regard to non-discriminatory treatment is subject to the modifications which may be made in the Payments Agreement between Uruguay and the United Kingdom and which may elimi-

nate the difficulties imposed by that agreement, especially with respect to the freezing of Uruguayan sterling balances.

In conclusion, the Uruguayan representatives have asserted the decision of their Government to make effective in full the stipulations referred to above as soon as it becomes possible for Uruguay to convert its sterling balances into free currencies. I confirm in this manner the statements of the Uruguayan representatives, and I reaffirm the earnest hope of the Uruguayan Government that it may be possible to erect in the near future a system of multilateral trade among all nations, free from the impediments and restrictions which prevent its normal maintenance and necessary expansion.

Accept, Mr. Ambassador, the renewed assurances of my highest consideration.

ALBERTO GUANI

The Honorable

WILLIAM DAWSON,
*Ambassador Extraordinary and Plenipotentiary
of the United States of America.*

The American Ambassador to the Minister of Foreign Affairs

EMBASSY OF THE
UNITED STATES OF AMERICA
Montevideo, July 21, 1942

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date concerning the discussions during the course of the negotiations of the Trade Agreement between our two Governments signed this day regarding the provisions of the Agreement which provide for non-discriminatory treatment by each country of the trade of the other, and to confirm Your Excellency's statement with reference thereto.

I have taken note with pleasure of the assurances conveyed to me in Your Excellency's communication.

Accept, Excellency, the renewed assurances of my highest consideration.

WILLIAM DAWSON

To His Excellency

SR. DR. DON ALBERTO GUANI
*Minister of Foreign Affairs,
Montevideo.*

The Minister of Foreign Affairs to the American Ambassador

[TRANSLATION]

MINISTRY OF FOREIGN RELATIONS

Montevideo, July 21, 194.

Mr. AMBASSADOR:

I have the honor to refer to the conversations between representatives of the Government of Uruguay and the Government of the United States of America, in connection with the trade agreement signed this day, in regard to trade relations between Uruguay and neighboring countries.

During the course of these conversations the Uruguayan representatives have referred (1) to Resolution LXXX of the Seventh International Conference of American States at Montevideo, approved December 24, 1933,⁴ recommending the study of a contractual formula for tariff preferences to contiguous or neighboring countries and, pursuant thereto, to the recommendation of the Inter-American Financial and Economic Advisory Committee on September 18, 1941 that any such tariff preferences, in order to be an instrument for sound promotion of trade, should be made effective through trade agreements embodying tariff reductions or exemptions; that the parties to such agreements should reserve the right to reduce or eliminate the customs duties on like imports from other countries; and that any such regional tariff preferences should not be permitted to stand in the way of any broad program of economic reconstruction involving the reduction of tariffs and the scaling down or elimination of tariff and other trade preferences with a view to the fullest possible development of international trade on a multi-lateral unconditional most-favored-nation basis; and (2) to Convention VIII, Final Minutes of the regional conference of the Plata River countries at Montevideo, January 27 to February 6, 1941, whereby the Governments of Argentina, Brazil, and Uruguay have agreed reciprocally not to claim for themselves, because of the most-favored-nation clause, the exemptions and facilities which any one of them accords or may accord to the products of Bolivia or Paraguay, so long as these exemptions and facilities are not extended to any third country.

The conversations to which I have referred have disclosed a mutual understanding which is as follows:

(1) The Government of the United States of America will not invoke the provisions of article I of the trade agreement signed this day for the purpose of obtaining the benefit of tariff preferences meeting the requirements of the aforementioned formula recommended by the Inter-American Financial and Economic Advisory Committee accorded by Uruguay to contiguous

⁴ For text, see *Report of the Delegates of the United States of America to the Seventh International Conference of American States, Montevideo, Uruguay, December 3-26, 1933* (U.S. Government Printing Office, 1934), p. 275.

countries, Bolivia, or Paraguay, it being understood that if any such preference should be extended by Uruguay to any third country it would be extended immediately and unconditionally to the United States; (2) the Government of the United States of America will not invoke the provisions of articles III and IV of the trade agreement for the purpose of obtaining the benefit of any exchange or quota preferences accorded by Uruguay to contiguous countries, Bolivia, or Paraguay on the understanding that such preferences shall cease when the present world conflict shall have terminated, except as may be otherwise agreed upon by the Governments of the United States of America and Uruguay upon the recommendation of the Mixed Commission provided for in the second paragraph of article XII of the trade agreement.

Accept, Mr. Ambassador, the renewed assurances of my highest consideration.

ALBERTO GUANI

The Honorable

WILLIAM DAWSON,

*Ambassador Extraordinary and Plenipotentiary
of the United States of America.*

The American Ambassador to the Minister of Foreign Affairs

EMBASSY OF THE
UNITED STATES OF AMERICA
Montevideo, July 21, 1942

EXCELLENCY:

I have the honor to acknowledge the receipt of Your Excellency's note of today's date with reference to the agreement reached between representatives of the Government of the United States of America and the Government of Uruguay, in connection with the Trade Agreement signed this day, in regard to trade relations between Uruguay and contiguous countries, Bolivia, and Paraguay.

I have the honor to confirm Your Excellency's statement of the agreement reached with reference to this matter.

Accept, Excellency, the renewed assurances of my highest consideration.

WILLIAM DAWSON

To His Excellency

Sr. Dr. DON ALBERTO GUANI,
*Minister of Foreign Affairs,
Montevideo.*